

TO:

Australia's Demographic Challenges
Social Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Response to "Australia's Demographic Challenges"

It seems to me from reading your paper that you are arguing for a sustainable population (to which I agree) while proposing unsustainable solutions (to which I disagree).

Australia, and the world for that matter, can only realistically sustain a human population long term when the population is small enough to keep their damage to the ecology at levels that the ecology can absorb. The planet and its resources and its ability to recover are all finite.

Although a "Green" view, it seems to be the consensus of opinion of the world's leading natural scientists that we are well beyond that sustainable point already, and continuing as we are will eventually make this world into a desert planet. As resources disappear, conflicts will increase and disease, starvation and war will follow.

Now therefore is time to curtail policies driven by economic growth considerations and instead implement ecologically responsible ones. It seems irresponsible to promote an increasing economy and the corresponding increased consumption of resources that entails. The direct effect of such a policy would be to increase the damage to the ecology and eventually, to many more people than would benefit initially.

Balance is required. To regain the necessary balance is going to mean sacrifices far greater than any in the past, if our grandchildren are to have a chance of life let alone the kind of life we currently enjoy. If we accept the possibility that the days of the "Great Depression" could be just around the corner, it may modify how we view our current excessively comfortable lifestyles. Could Australians survive the cessation of International trade?

Your research does not indicate any inquiry into whether this country can ecologically sustain its current population, let alone an increasing population. If it had, I would have expected that you would have dutifully turned your mind to the "economics of a declining population".

I take some comfort in the declining birth rates reported, and believe that in educated countries, many people accept that the world is massively overpopulated and that some are even taking a responsible stand on the size of their families. (Yet in Australia, financial incentives still exist to have more children).

Why do you propose that the best solution is to increase the economy?

A wealthier economy encourages an increasing population who each want to consume even more resources than before. Look at the past 50 years in Australia to see that this merely defers an increasing problem into the future and onto our children.

Why do you propose that the key to increase the economy is to increase labour participation and productivity? Isn't this putting the cart before the horse?

Without an increased demand for labour, participation will not increase of its own accord, regardless of health, incentives and flexibility.

Why do you propose, that health, incentives and flexibility will influence labour participation. It is demand for labour that is the essential element, and this is driven by business. Surely to

increase economic activity, (i.e. trade), then the businesses that trade need to increase their activity. If that happens, then there may be an increased demand for labour, leading to an increase in labour participation.

Is business being encouraged to be viable, sustainable and employ more? In Australia many of our basic industries have been destroyed by competition from imports from countries or international businesses employing labour at lower pay rates than can be paid by Australian employers. This will continue to increase with Australia being a signatory to GATT. So, Australian international policy will make your proposal for increased labour participation even less possible. (In Australia, the more people you employ, the greater the costs and imposts of employment per employee.)

You have not addressed the dangers Australia faces from events in the rest of the world.

- What happens when shipping lanes are cut in the next world conflict? If we cannot export or import, there won't be many left working the way our economy is structured.
- What happens when Australia no longer has disease free farm produce? Then many will die from diseased food, farms will fail, exports will decrease and again a massive drop in labour participation.
- What happens when Australia is owned or controlled by International corporations? Forget about a minimum wage, or the possibility of being able to save for retirement.

There seems to be no risk management in Australia to enable this country to be independent on its necessities, yet your projections assume we will actually make it unscathed to 2042.

Is business in Australia being encouraged to be more efficient? (e.g. In Australia, businesses must report GST, and that has significantly decreased business efficiency, productivity and profitability. It does not provide any efficiency, does not assist in the production of any additional products nor improve any marketing or sales.) It has increased the need for more accounting work and that may have increased employment, but at no value add in the process. Participation without productivity is pointless.

I accept that the focus for the discussion is limited to Australia and its dilemma at demographic projections. However, the discussion seriously needs to open up to many more possibilities and put onto the table a much greater weighted input from scientific, medical, defence, cultural, academic, financial, business and other disciplines, and limit the input of economists to their appropriate function.

For the solutions to be Australian, then the living needs of Australians should be addressed.

It is not money or the economy, but the basic needs of life that need to be secured and sustained. If we have this as a foundation, anything beyond is luxury.

Shelter, uncontaminated food, potable water, clean air, clothing; these will be the issues for survival in the future (as they have always been).

Is our Government securing these for Australians?

Yours sincerely

Gregory Pimm FCPA